



# Project benefits co-creation: Shaping sustainable development benefits

Lynn A. Keeys<sup>a,\*</sup>, Martina Huemann<sup>b</sup>

<sup>a</sup> *WU Vienna University of Economics and Business, PO Box 1625, Witkoppen 2068, Johannesburg, South Africa*

<sup>b</sup> *WU Vienna University of Economics & Business, Project Management Group, Welthandelsplatz 1, 1020 Vienna, Austria*

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## Abstract

Sustainable development (SD) envisions business and their projects to deliver benefits to a broad group of stakeholders. Yet, projects are challenged to realize benefits to meet individual organization business objectives and value concerns. Given the benefits focus of SD, benefits realization helps to understand how SD can be integrated in the management of projects, linking it to strategy. This paper offers benefits co-creation as a strategy for creating benefits for a broad group of stakeholders reflecting holistic SD. The study presents an exploratory case study through a conceptual framework, illustrating one possible approach based on adaptation and emergence. The findings demonstrate how stakeholder co-creation enables the shaping of project SD benefits, addressing stakeholder value concerns and suggest the need to consider a two dimension conceptual approach to benefits realization—benefits creation and benefits capture, reducing the conceptual distance between projects and benefits realization.

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## 1. Introduction

The realization of benefits from projects is a growing concern for organizations that rely on projects for innovation, change and value creation. According to the Project Management Institute (PMI, 2016), fewer projects are meeting business objectives and realizing benefits. The need for organizations to successfully execute strategy, realize business objectives and deliver benefits through their projects has been highlighted in professional reports (PMI, 2016) and academic studies (Badewi, 2016; PMI; Laursen and Svejvig, 2016; Serra and Kunc, 2015; Winter et al., 2006). How well projects deliver benefits is associated with project and business success (Badewi, 2016; Cooke-Davies, 2002; Serrador, 2013). At the same time, organizations—and the projects they initiate, are challenged to sustainably manage their enterprises

(UNCED, 1992) and to deliver benefits that go beyond individual organization value concerns or short-term temporal or even geographic interest. Sustainable development (SD) in organizations and by projects is an area of innovation and change (Rammel and van den Bergh, 2003) but is not apparent in the discussion of benefits management (Silvius and Schipper, 2014a). The need to integrate SD in the management of projects and project benefit creation is increasing in prominence and criticality as corporate and project SD (often called sustainability) literature indicates the need for business and projects to deliver benefits to a broad group of stakeholders as they meet their own value creation concerns (Dyllick and Hockerts, 2002; Silvius and Schipper, 2014a).

### 1.1. Sustainable development, projects and benefits

As a strategic issue for organizations and projects, SD impacts all organization activities, processes and notions of benefits. It is the process of meeting the needs for wellbeing of the current generation without jeopardizing the ability of future

\* Corresponding author.

*E-mail addresses:* [lkeey@wu.ac.at](mailto:lkeey@wu.ac.at) (L.A. Keeys),  
[Martina.huemann@wu.ac.at](mailto:Martina.huemann@wu.ac.at) (M. Huemann).

generations to meet their own needs (WCED, 1987). Human wellbeing is at the center of SD as a societal concern for a “healthy and productive life in harmony with nature (UNCED, 1992) in the short, medium and long-term (WCED, 1987). Sustainable development is a process that addresses holistically the integrated dimensions of economic growth, environmental safeguards and societal wellbeing of all development activities, commercial and non-commercial and which incorporates values of participation, transparency and equity (Clifton and Amran, 2011; Robert et al., 2002; Steurer et al., 2005). Often used interchangeably with SD, sustainability is the ideal state of sustainable development efforts—continual meeting of human needs in balance with nature, which is based on the ethics and values of the SD actors (Clifton and Amran). As a continuously evolving state, sustainability is a “moving target” and SD, a continuous process, which has been characterized as without an endpoint (Bagheri and Hjorth, 2007) and involves transitions that must be managed (Kemp et al., 2007).

As a system concept, SD illuminates the complexity—dynamism and uncertainty that exist in the context for economic and other human activities. This complexity is manifested in the interaction between social systems such as companies and projects and environmental systems (Roome, 2013), each with evolving properties (Rammel and van den Bergh, 2003) which together make up the world sustainable development system. This engagement occurs in an open environmental system, which is subject to continuous fluctuation as a result of these system interactions (Roome, 2013) and has global, regional, national, and local implications.

At the project level, SD can be defined as a holistic management approach, distinguishing the SD process from the SD content (e.g., sustainable construction). It addresses the integrated economic, environmental and social dimensions of activities for creating value for the project and the parent organization that simultaneously contribute to the sustainable world goal or sustainability (Dyllick and Hockerts, 2002; Dunphy et al., 2007).

Operating in the corporate environment and its own environment with system actors, a project, as a subsystem, is uniquely positioned to identify closely with the operating context to understand SD concerns about corporate value creation processes carried out through the project that create benefits. Benefits are the source of value creation (Lusch et al., 2008) for which the amount of value created depends on the subjective perceptions of actors or stakeholders—individual, organization or society (Lepak, Smith and Taylor, 2007). As a social system (Luhmann, 1995) and value creation system (Winter et al., 2006), projects are actors engaged in the SD system. When the project forms, it engages in a process of adaptation in a new environment where it must manage its relationships with stakeholders for its survival and success (Luhmann, 1995). This involves the management of benefits delivery to different groups which implies an inherent tension between stakeholders-parent organization and others. The project as a subsystem is able to form strategy through alignment with its parent organization and through co-creation with other actors in its operating environment and address the tensions inherent in this mutually interdependent relationship.

The Brundtland Report (WCED, 1987), *Our Common Future*, called for consensus on the broad SD definition as a macro framework and interpretation of the concept at the local level with all those concerned and, by association, the determination of broad benefits.

Sustainable development as a management paradigm means a certain engagement process with SD actors and the system—one that fosters adaptive capability while simultaneously creating opportunities (Hollings, 2001). Rammel and van den Bergh (2003) refer to this as “adaptive flexibility” which combines continual adaptive learning with creating new development paths, or in other words, paths to creating benefits and subsequent value. This would suggest the need to engage in co-creation of benefits with stakeholders through learning and adaptation (Bagheri and Hjorth, 2007) to meet broader stakeholder value concerns (Hart and Milstein, 2003; Porter and Kramer, 2011) regarding the creation of benefits.

The project creates benefits through stakeholder collaboration (Matinheikki et al., 2016; Arto et al., 2016). Sustainable development requires collaboration in the form of integrative thinking and action on the part of SD system actors (Roome, 2013; Kemp et al., 2007), as no one actor-individual or organization has complete knowledge or controls all aspects (economic, environmental and social) of the SD system. Given the subjective nature of SD, which is socially constructed or interpreted in context, projects need to consider a “multi actor process,” that not only enlarges collaboration but ensures diversity and balance (Van Der Brugge et al., 2005). SD actors are multiple and often bring conflicting interests and understandings regarding SD in spite of the availability of standards, frameworks and definitions (such as UN Global Compact, Global Reporting Initiative, and World Business Council on Sustainable Development). This means multiple ideas of SD benefits. This is consistent with the challenge faced by projects to deliver benefits to different stakeholder groups and address different perceptions of benefits and subsequent value (Winter et al., 2006).

Project management literature has noted the difficulty of linking projects to business benefits and the limitation and challenges posed by the short-term consideration of project outputs (Winter et al., 2006) which have impeded strategic improvements (Bryde, 2005). This same short-term perspective also challenges the application of the SD approach in projects. However, the emphasis on long-term outcomes in benefits management could enable projects to consider broader benefits as envisioned by SD. See Table 1.1, Enhanced Project SD Perspective through Benefits Focus for illustration of enhanced project perspective with the SD management paradigm.

Both project benefits realization and project SD are rooted in the longer-term view of projects than the traditional operational focus of project outputs and enables a view of projects as strategic and encompassing the creation of benefits. Project SD requires a broad benefit focus that encompasses multiple and varied actors or stakeholders, as used here, who influence and determine benefits. The area of benefits realization presents an opportunity to understand how SD can be integrated in projects, linking it to the parent organization through strategy and business objectives that encompass benefits creation.

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